



ECONOMIC BENEFITS ASSESSMENT

13 Endeavour Road, Caringbah

Prepared for Aliro Group
September 2020

COVID-19 AND THE POTENTIAL IMPACT ON DATA INFORMATION

The data and information that informs and supports our opinions, estimates, surveys, forecasts, projections, conclusion, judgments, assumptions and recommendations contained in this report (Report Content) are predominantly generated over long periods, and is reflective of the circumstances applying in the past. Significant economic, health and other local and world events can, however, take a period of time for the market to absorb and to be reflected in such data and information. In many instances a change in market thinking and actual market conditions as at the date of this report may not be reflected in the data and information used to support the Report Content.

The recent international outbreak of the Novel Coronavirus (COVID-19), which the World Health Organisation declared a global health emergency in January 2020 and pandemic on 11 March 2020, is causing a material impact on the Australian and world economies and increased uncertainty in both local and global market conditions.

The effects (both directly and indirectly) of the COVID-19 Outbreak on the Australian real estate market and business operations is currently unknown and it is difficult to predict the quantum of the impact it will have more broadly on the Australian economy and how long that impact will last. As at March 2020, the COVID-19 Outbreak is materially impacting global travel, trade and near-term economic growth expectations. Some business sectors, such as the retail, hotel and tourism sectors, are already reporting material impacts on trading performance now and potentially into the future. For example, Shopping Centre operators are reporting material reductions in foot traffic numbers, particularly in centres that ordinarily experience a high proportion of international visitors.

The Report Content and the data and information that informs and supports it is current as at the date of this report and (unless otherwise specifically stated in the Report) necessarily assumes that, as at the date of this report, the COVID-19 Outbreak has not materially impacted the Australian economy, the asset(s) and any associated business operations to which the report relates and the Report Content. However, it is not possible to ascertain with certainty at this time how the market and the Australian economy more broadly will respond to this unprecedented event. It is possible that the market conditions applying to the asset(s) and any associated business operations to which the report relates and the business sector to which they belong could be (or has been) materially impacted by the COVID-19 Outbreak within a short space of time and that it will have a lasting impact. Clearly, the COVID-19 Outbreak is an important risk factor you must carefully consider when relying on the report and the Report Content.

Any Report Content addressing the impact of the COVID-19 Outbreak on the asset(s) and any associated business operations to which the report relates or the Australian economy more broadly is (unless otherwise specifically stated in the Report) unsupported by specific and reliable data and information and must not be relied on.

To the maximum extent permitted by law, Urbis (its officers, employees and agents) expressly disclaim all liability and responsibility, whether direct or indirect, to any person (including the Instructing Party) in respect of any loss suffered or incurred as a result of the COVID-19 Outbreak materially impacting the Report Content, but only to the extent that such impact is not reflected in the data and information used to support the Report Content.

This report is dated **September 2020** and incorporates information and events up to that date only and excludes any information arising, or event occurring, after that date which may affect the validity of Urbis Pty Ltd's (Urbis) opinion in this report. Urbis prepared this report on the instructions, and for the benefit only, of **Aliro Group** (Instructing Party) for the purpose of an **Economic Benefits Assessment** (Purpose) and not for any other purpose or use. Urbis expressly disclaims any liability to the Instructing Party who relies or purports to rely on this report for any purpose other than the Purpose and to any party other than the Instructing Party who relies or purports to rely on this report for any purpose whatsoever (including the Purpose).

In preparing this report, Urbis was required to make judgements which may be affected by unforeseen future events including wars, civil unrest, economic disruption, financial market disruption, business cycles, industrial disputes, labour difficulties, political action and changes of government or law, the likelihood and effects of which are not capable of precise assessment.

All surveys, forecasts, projections and recommendations contained in or made in relation to or associated with this report are made in good faith and on the basis of information supplied to Urbis at the date of this report. Achievement of the projections and budgets set out in this report will depend, among other things, on the actions of others over which Urbis has no control.

Urbis has made all reasonable inquiries that it believes is necessary in preparing this report but it cannot be certain that all information material to the preparation of this report has been provided to it as there may be information that is not publicly available at the time of its inquiry.

In preparing this report, Urbis may rely on or refer to documents in a language other than English which Urbis will procure the translation of into English. Urbis is not responsible for the accuracy or completeness of such translations and to the extent that the inaccurate or incomplete translation of any document results in any statement or opinion made in this report being inaccurate or incomplete, Urbis expressly disclaims any liability for that inaccuracy or incompleteness.

This report has been prepared with due care and diligence by Urbis and the statements and opinions given by Urbis in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading bearing in mind the necessary limitations noted in the previous paragraphs. Further, no responsibility is accepted by Urbis or any of its officers or employees for any errors, including errors in data which is either supplied by the Instructing Party, supplied by a third party to Urbis, or which Urbis is required to estimate, or omissions howsoever arising in the preparation of this report, provided that this will not absolve Urbis from liability arising from an opinion expressed recklessly or in bad faith.

Urbis staff responsible for this report were:

Director	Princess Ventura
----------	------------------

Associate Director	Fraser Brown
--------------------	--------------

Research Analyst	Ryan Wallis
------------------	-------------

Project code	P0025718
--------------	----------

Report number	1
---------------	---

© Urbis Pty Ltd

ABN 50 105 256 228

All Rights Reserved. No material may be reproduced without prior permission.

You must read the important disclaimer appearing within the body of this report.

BENEFITS AT A GLANCE

Key Findings

1. **Key Finding:** The construction phase of the proposed development will create 1,050 jobs over 20 years.
2. **Key Finding:** The 20-year construction period will generate \$96.8 million in Gross Value Add.
3. **Key Finding:** The ongoing operation will create 8,811 direct and indirect jobs.
4. **Key Finding:** The additional jobs that will be created by the proposed development will contribute to addressing the low 41% share of Sutherland Shire LGA resident workers able to work within the LGA.
5. **Key Finding:** The ongoing operations will deliver \$146 million in Gross Value Add per annum.
6. **Key Finding:** The proposed development will support job creation across numerous sectors throughout the construction and operation phase, assisting the rebound of the NSW economy in the wake of COVID-19.



\$146 million

Additional Gross Value Add Annually



1,050

Construction jobs



8,811

Additional ongoing direct and indirect jobs

EXECUTIVE SUMMARY

Executive Summary

Urbis has been engaged by Aliro Group to conduct an independent Economic Benefits Assessment for the proposed at 13 Endeavour Road, Caringbah.

The purpose of this report is to summarise the potential impact of the development on the State economy and job creation considering:

- The level of employment that can be delivered on the subject site through the construction and ongoing operation of the proposed development
- The broader economic impact associated with the proposed development
- The improvement to job containment within the Sutherland Shire LGA.

Proposed Development

The subject site is 13 Endeavour Road, Caringbah, around 1.2km north-east of Caringbah Station.

The proposed development on the subject site is expected to add 150,000 sq.m of GFA, including industrial uses, commercial office, retail, hotel and recreation space.

According to information provided by Aliro, it plans to invest a total of **\$218 million** (in constant 2020 dollar excluding GST) in the construction of the proposed development. The construction is anticipated to occur across six stages between 2020 and 2040.



\$218 million
Total Construction Cost

Executive Summary cont.

The development will provide valuable economic benefits and jobs

The proposed development will generate significant employment and economic benefits for the Sutherland Shire LGA and more broadly across NSW. These benefits include:

- **1,050 direct and indirect construction related jobs** over the 20-year construction period. This activity will provide much needed support for the economic recovery in New South Wales in the short term.
- Some **\$97 million Gross Value Added (GVA)** to the NSW economy from construction, in net present value terms.
- A net uplift of **8,811 direct and indirect jobs supported on site and in the surrounding region** on an ongoing basis during operation of the office, retail, industrial, hotel and recreation components of the proposed development.
- A net uplift of **\$146 million of average annual direct and indirect GVA contribution** to the State economy on an ongoing basis, in net present value terms.

The development will help support job containment in the Sutherland Shire LGA

Based on ABS 2016 Census data, we have conducted an analysis of the employment profiles of Sutherland Shire LGA workers and resident workers who live in the LGA, finding that:

- 30% of jobs in the LGA are held by residents from outside the LGA
- 59% of resident workers in the LGA travel outside the LGA for work.

There is a significant job deficit across all industries in the Sutherland Shire LGA. This means a large number of the resident worker population are forced to travel outside of the LGA for work, harming job containment with the Sutherland Shire.

The proposed development will accommodate jobs for Sutherland Shire LGA resident workers who currently have to leave the LGA for work, making a significant positive contribution to employment retention in the LGA across numerous industry sectors.

CONTENTS

Executive Summary	5
Employment and Economic Benefits	8
Job Containment	13
Appendix	18

INTRODUCTION

Project Background and Purpose

Urbis has been engaged by Aliro Group to conduct an independent Economic Benefits Assessment for the proposed development at 13 Endeavour Road, Caringbah.

The purpose of this report is to summarise the potential impact of the development on the State economy and job creation considering:

- The level of employment that can be delivered on the subject site through the construction and ongoing operation of the proposed development
- The broader economic impact associated with the proposed development
- The improvement to job containment within the Sutherland Shire LGA.

The analysis adopts industry standard benchmarks for employment density and uses the REMPLAN modelling tool to quantify the potential employment and economic benefits likely to be generated from the construction and ongoing operation of the proposed development. An explanation of the REMPLAN methodology is provided in the Appendix.

A summary of the proposed development and its key economic benefits are presented adjacent.

Site and Proposed Development

The subject site at 13 Endeavour Road, Caringbah is the former Toyota site at Caringbah. The site is located along Captain Cook Drive, a major road in and around the Sutherland Shire. The site is located 1.2km north east of Caringbah Station.

The proposed development is six stages in total, comprising several land uses. An outline of staging is as follows:

- Stage 1 – 40,500 sq.m (Retail and Industrial)
- Stage 2 – 26,150 sq.m (Commercial Office and Industrial)
- Stage 3 – 15,600 sq.m (Commercial Office, Industrial and Hotel)
- Stage 4 – 23,700 sq.m (Commercial Office)
- Stage 5 – 28,500 sq.m (Commercial Office and Recreation)
- Stage 6 – 15,400 sq.m (Commercial Office)
- **Total* – 150,000 sq.m**

According to information provided by Aliro, it plans to invest a total of **\$218 million** (in constant 2020 dollar excluding GST) in the construction of the proposed development.

** Totals may not add up due to rounding*

Proposed Development



38,000+ sq.m

Industrial GFA



100,000 sq.m

Commercial Office GFA



12,000+ sq.m

Retail, Hotel & Recreation GFA



\$218 million

Total Construction Cost*



**Estimated Project Timeframe:
2020-2040**

** Constant 2020 dollar excluding GST
Source: Aliro; Urbis*

01

EMPLOYMENT AND ECONOMIC BENEFITS



THE CONSTRUCTION WILL DELIVER 1,050 TOTAL JOBS OVER 20 YEARS

Key Findings

The construction of the proposed development would require substantial capital investment, which would sustain significant employment in the local economy.

The proposed development is estimated to require project expenditure of **\$218 million** over a twenty-year period starting in 2020.

Based on economic modelling using REMPLAN, the construction of the proposed development would generate a **total of 1,050 jobs over the total construction period**, including:

- Direct jobs = 420 jobs
- Indirect jobs = 630 jobs.

Most new direct jobs will be in the construction sector, an important focus in the Covid-19 economic recovery.

Indirect jobs associated with the construction are expected to be mostly in manufacturing, accounting for one third of total indirect jobs.

Construction Phase

Project
Expenditure
(\$M)

←
→
\$218M



\$218M



Employment
(Jobs)

←
→
420
direct jobs over
20 years



630
indirect jobs over
20 years



1,050
total jobs
over 20
years

Source: Aliro Group; REMPLAN Economy; Urbis

THE CONSTRUCTION WILL SUPPORT THE ECONOMIC RECOVERY IN NSW

Key Findings

The significant capital investment required for the construction of the proposed development will create economic value that will help to support the economic recovery in NSW.

We have used the REMPLAN model to assess the potential economic contributions of the construction of the proposed development in terms of Gross Value Added (GVA).

The construction phase will generate a **total Gross Value Added (GVA) of \$96.8 million to the NSW economy during the 20-year construction period** (in net present value terms).

- Direct GVA = \$38.1 million
- Indirect GVA = \$58.7 million.

Construction Phase

Project Expenditure (\$M)



Value Added (\$M, NPV)



*Note: NPV calculated using a 7% discount rate
Source: Aliro Group; REMPLAN Economy; Urbis*

THE DEVELOPMENT WILL PROVIDE A SIGNIFICANT UPLIFT IN ONGOING EMPLOYMENT

Key Findings

Upon completion of the development, the ongoing operations will support new jobs and generate value added to the economy.

The ongoing phase will generate a **total net increase of 8,811 jobs**.

- Direct jobs = 5,459 jobs
- Indirect jobs = 3,352 jobs

Direct jobs are associated with the future intended uses on the subject site. The proposed office space is expected to accommodate 1 job per 20 sq.m office GFA, a conservative estimate given the downward trend of workspace ratios in the office market.

Total job projections by sector from the proposed development are as follows:

- Commercial Office (4,964 jobs)
- Retail (322 jobs)
- Industrial (128 jobs)
- Hotel (36 jobs)
- Recreation (8 jobs)

Indirect jobs will be generated in most industry sectors, though mostly relevant to:

- Professional, scientific and technical services
- Administrative and support services
- Financial and insurance services
- Transport, Postal and Warehousing
- Construction.

Operational Phase



Source: REMPLAN Economy; Urbis

THE DEVELOPMENT WILL PROVIDE A MAJOR ONGOING ECONOMIC CONTRIBUTION

Key Findings

Upon completion of the development, the ongoing operations will support new jobs and generate value added to the economy.

The operation of the proposed development also has the potential to deliver **\$145.7 million in direct and indirect annual gross value add** to the economy comprising:

- Direct annual GVA = \$83.9 million
- Indirect annual GVA = \$61.9 million.

This value is expressed as net present value of the average annual future GVA over a 20-year operational period based on the first full year of operation being 2040.

Operational Phase



*Note: NPV calculated using a 7% discount rate over a 20-year operational period (from completion of the overall development)
Source: REMPLAN Economy; Urbis*

02

JOB CONTAINMENT



SUTHERLAND SHIRE LGA JOB TARGETS

Key Findings

This chapter of the report assesses the current alignment of Sutherland Shire LGA jobs with resident workers in the LGA, identifying the potential requirements for more jobs in certain industries to meet the needs of resident workers.

Table 2.1 shows the jobs targets for the combined Sutherland and Miranda employment centres as per the Greater Sydney Commissions South District Plan (2018). The high case, 2036 target is for 20,500 jobs in these centres, or growth of 7,800 jobs.

Table 2.2 has job projections for the Sutherland Shire LGA from Transport for NSW. Total growth between 2016 and 2036 is forecast at 18,650 jobs, meaning our proposed development would deliver 29% of this target.

Table 2.3 outlines the forecast employment yield for the proposed development at the subject site. The development is expected to create over 5,460 jobs by 2040, 70% of the total job target for the high case in Table 2.1 and 29% of the growth in Table 2.2.

Furthermore, the development will help council achieve the actions set out by the district plan by facilitating the development of commercial floorspace and boosting the night time economy.

Employment Targets (Sutherland and Miranda)

Table 2.1

Year	Estimate Type	Jobs (No.)	Growth (No.)
2016	Actual	12,700	
2036	Base Case	16,000	3,300
2036	High Case	20,500	7,800

Source: Greater Sydney Commission South District Plan 2018

Projected Employment (Sutherland LGA)

Table 2.2

	2016	2021	2026	2031	2036	2016-36 Growth (No.)
Sutherland Shire Jobs	79,028	83,751	86,802	91,753	97,677	18,650

Source: Transport for NSW

Employment Yield From Proposed Development

Table 2.3

Stage	Year	Land Use	Jobs
1	2020-2022	Retail	322
		Industrial	109
2	2025-2026	Commercial Office	1,187
		Industrial	8
3	2026-2028	Commercial Office	437
		Industrial	11
		Hotel	36
4	2030-2032	Commercial Office	1,186
5	2035-2037	Commercial Office	1,385
		Recreation	8
6	2038-2040	Commercial Office	770
Total			5,459

Source: Aliro Group, Urbis

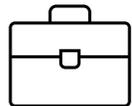
SUTHERLAND SHIRE LGA HAS HISTORICALLY EXPERIENCED A JOB DEFICIT

Key Findings

Table 2.4 shows the employment profile of Sutherland Shire LGA resident workers and the jobs available in the LGA by industry sector. It shows there is a total of 63,280 jobs in the LGA and 108,137 Sutherland Shire LGA resident workers, and thus **a deficit of 44,857 jobs for LGA residents** as recorded in the 2016 Census.

This represents a slight decrease in the jobs deficit which recorded 51,565 in the 2011 Census. While the deficit has declined, there still exists a significant deficit in jobs available for Sutherland Shire residents.

The remainder of this chapter analyses the relative number of jobs and resident workers in the LGA in different industries.



44,857

Jobs Deficit across the LGA

Jobs and Resident Workers Gap by Industry Sector

Table 2.4

Industry	2011			2016		
	Jobs	Resident Workers	Gap	Jobs	Resident Workers	Gap
Agriculture, Forestry and Fishing	54	128	-74	118	207	-89
Mining	42	200	-158	60	211	-151
Manufacturing	5,258	8,805	-3,547	3,748	6,078	-2,330
Electricity, Gas, Water and Waste Services	383	1,286	-903	451	1,103	-652
Construction	4,352	9,690	-5,338	6,199	11,535	-5,336
Wholesale Trade	2,452	5,295	-2,843	1,857	3,666	-1,809
Retail Trade	9,353	11,105	-1,752	9,829	10,400	-571
Accommodation and Food Services	4,664	5,789	-1,125	5,748	6,117	-369
Transport, Postal and Warehousing	1,481	7,802	-6,321	1,712	7,318	-5,606
Information Media and Telecommunications	391	2,092	-1,701	475	2,048	-1,573
Financial and Insurance Services	1,420	6,356	-4,936	1,586	6,305	-4,719
Rental, Hiring and Real Estate Services	1,068	2,176	-1,108	1,271	2,362	-1,091
Professional, Scientific and Technical Services	5,120	9,428	-4,308	5,311	9,786	-4,475
Administrative and Support Services	1,341	3,330	-1,989	1,948	3,608	-1,660
Public Administration and Safety	2,398	7,559	-5,161	2,463	7,637	-5,174
Education and Training	5,276	9,737	-4,461	6,155	10,554	-4,399
Health Care and Social Assistance	7,811	11,416	-3,605	9,931	12,701	-2,770
Arts and Recreation Services	883	1,747	-864	1,133	2,030	-897
Other Services	2,859	4,230	-1,371	3,285	4,471	-1,186
Total	56,606	108,171	-51,565	63,280	108,137	-44,857

Source: ABS 2016 Census, Urbis

30% OF SUTHERLAND SHIRE LGA WORKERS LIVE OUTSIDE THE LGA

Employment Containment

Chart 2.1 shows the proportion of Sutherland Shire LGA workers who live within the Sutherland Shire LGA, as at the 2016 Census. Key findings include:

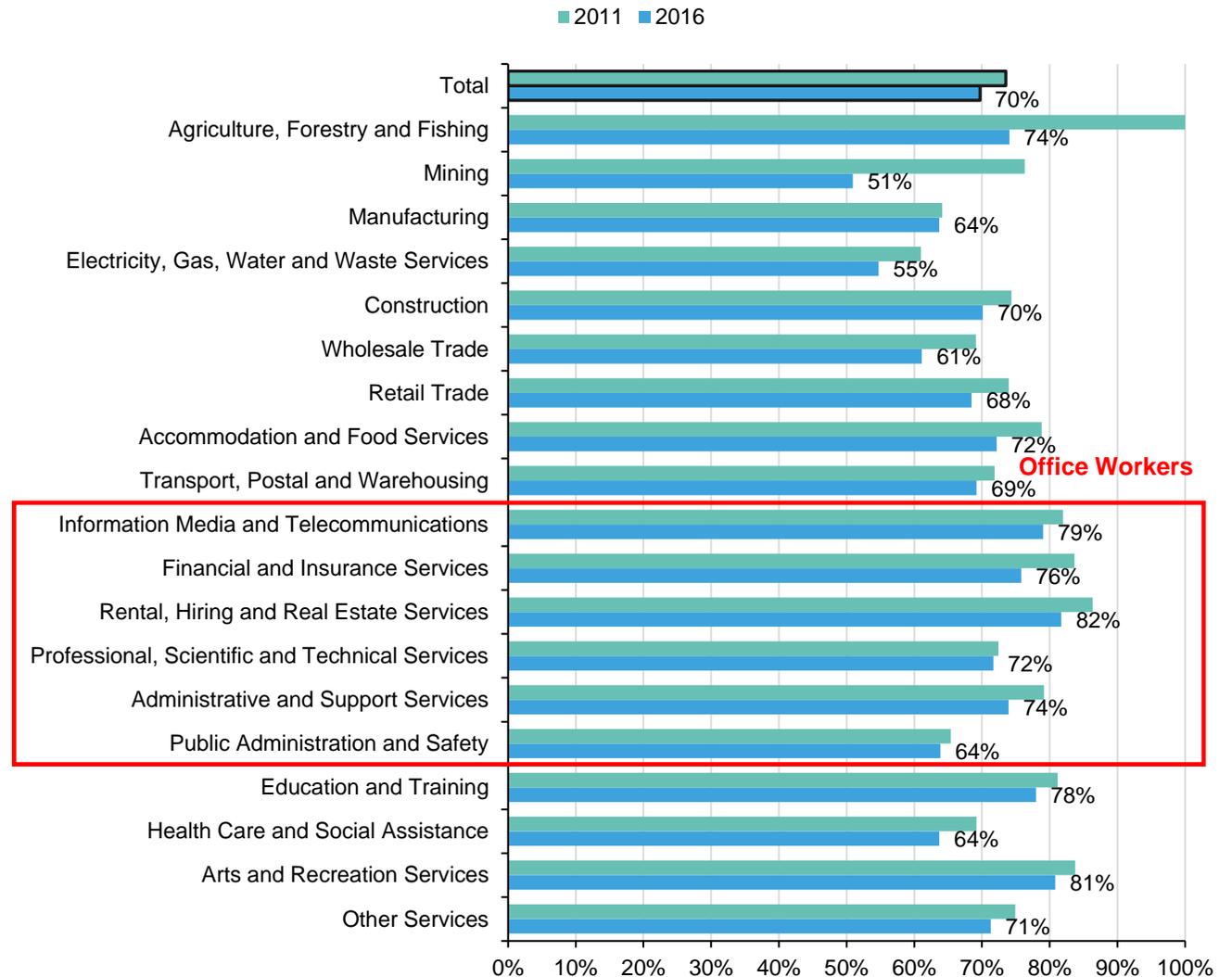
- Sutherland Shire LGA residents held 70% of jobs within the LGA, with the remaining 30% held by residents from elsewhere
- The three industries with the lowest proportion of jobs held by LGA residents are Mining (51%), Electricity, Gas and Water Services (55%), and Wholesale Trade (61%).

The chart also shows the change in employment containment in the LGA between 2011 and 2016. Employment containment has declined by -4% across the LGA in this period, as a higher proportion of jobs are held by residents elsewhere in Sydney and beyond. Office based industries with significant declines in self-containment include:

- Financial and Insurance Services (-8%)
- Rental Hiring and Real Estate Services (-5%)
- Administrative and Support Services (-5%)

Sutherland Shire LGA Workers that Live in the LGA

Chart 2.1



Source: ABS 2016 Census, Urbis

59% OF SUTHERLAND SHIRE LGA RESIDENT WORKERS WORK OUTSIDE THE LGA

Resident Worker Containment

Chart 2.2 shows the proportion of Sutherland Shire LGA resident workers who work within the Sutherland Shire LGA, as at the 2016 Census.

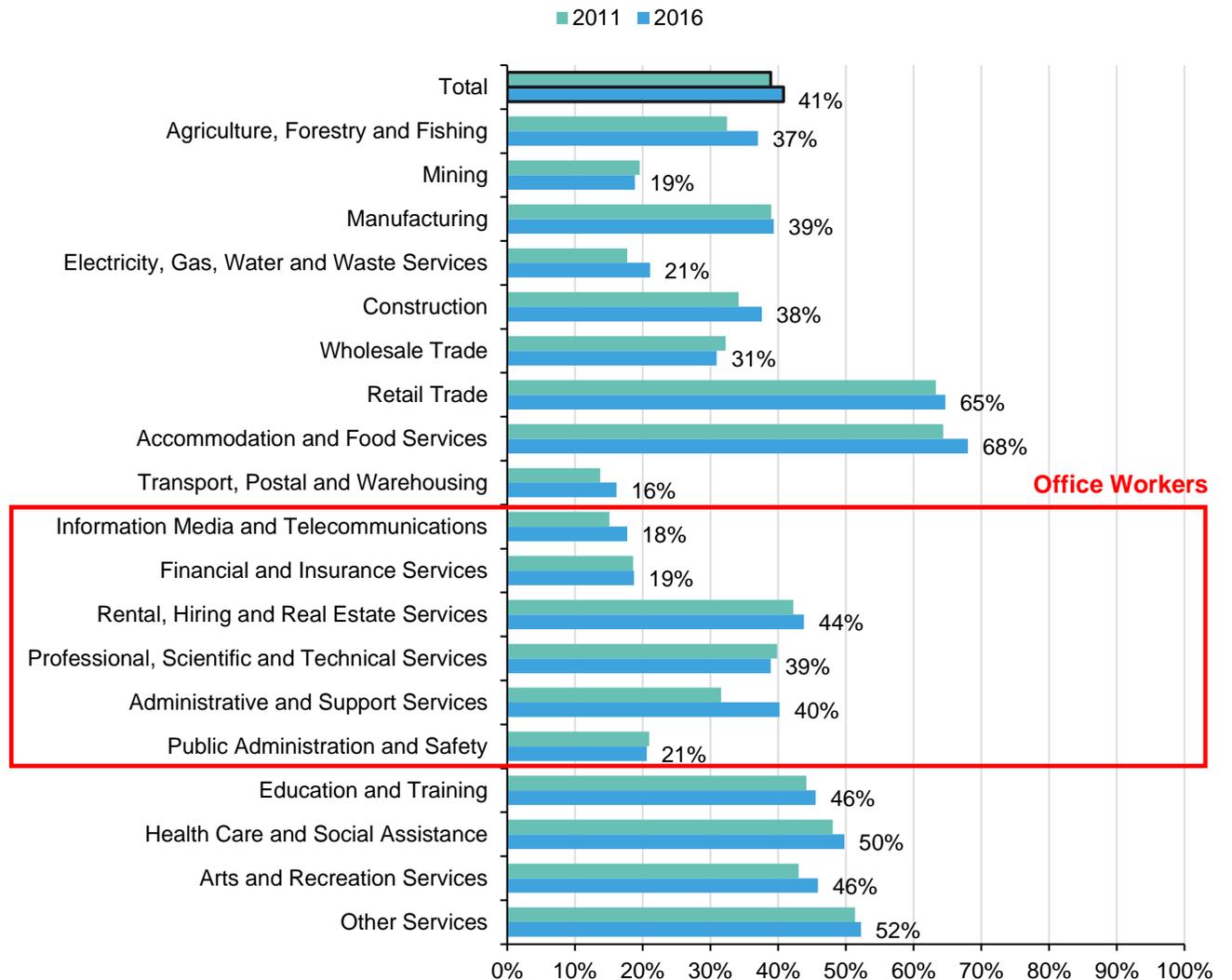
Key findings include:

- 41% of Sutherland Shire LGA resident workers had jobs within the LGA, with the remaining 59% travelling outside the LGA for work
- Across key office-based industries, between 18% and 44% of LGA resident workers had jobs within the LGA
- Transport, Postal and Warehousing and Information, Media and Telecommunications are industries with some of the lowest resident worker containment, at 16% and 18% of resident workers, respectively.

The chart also shows the change in employment self-containment in the LGA between 2011 and 2016. While resident worker containment generally increase over the five year period, the Professional, Scientific and Technical Services industry experienced a -1% decline in resident worker containment. This sector is a major generator of office jobs in the LGA and across Greater Sydney.

Sutherland Shire LGA Resident Workers that Work in the LGA

Chart 2.2



Source: ABS 2016 Census, Urbis

THERE IS A DEFICIT IN THE AVAILABLE JOBS FOR RESIDENTS ACROSS ALL SECTORS

Key Findings

There is a significant jobs deficit across all industry sectors in the Sutherland Shire LGA, as shown in Chart 2.3.

Key findings include:

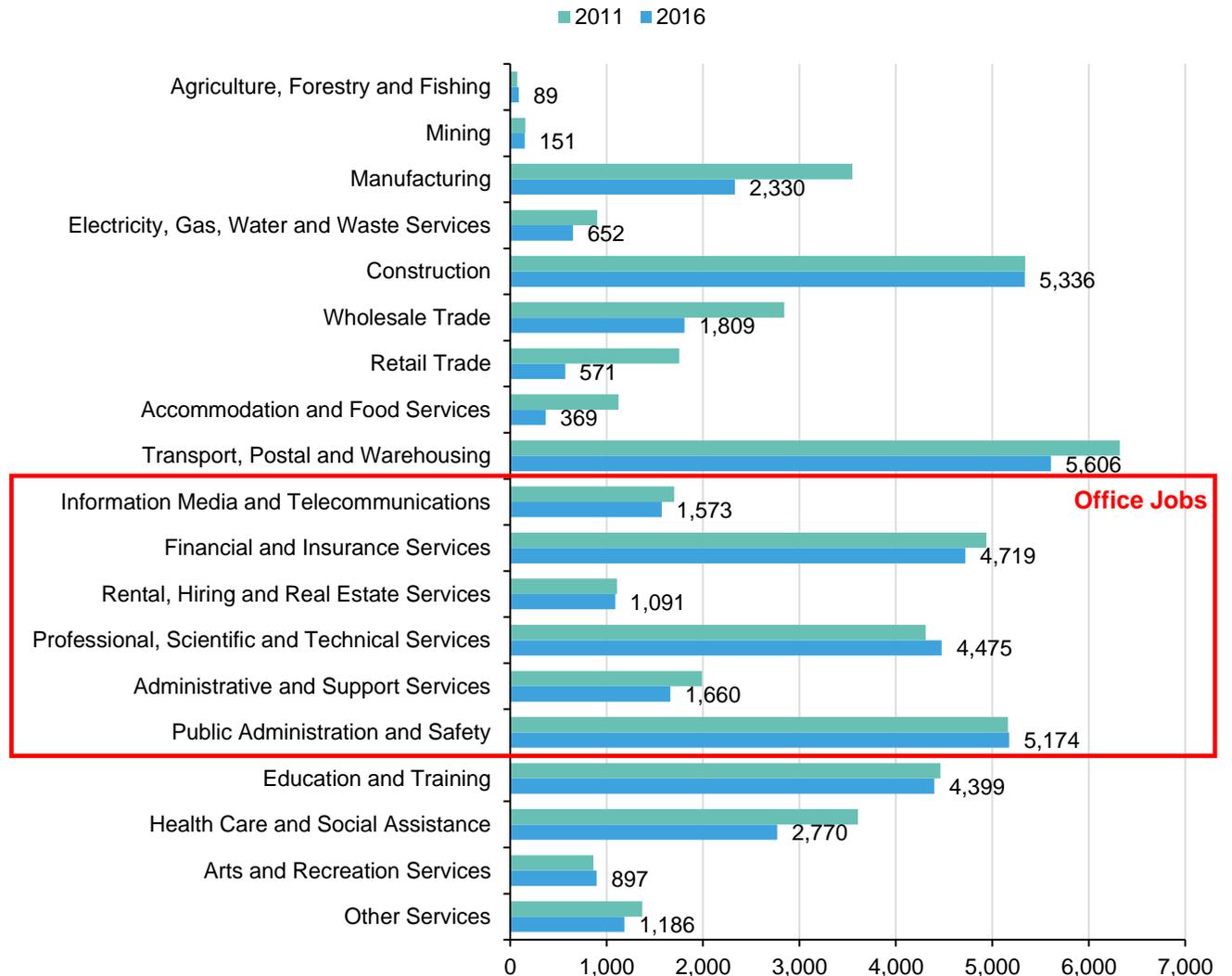
- The large job deficit in 2016 is most evident in the following industries:
 - Transport, Postal and Warehousing (5,606 jobs)
 - Construction (5,336 jobs)
 - Public Administration and Safety (5,174 jobs).
- Office industries with a significant jobs deficit includes Financial and Insurance Services, Professional, Scientific and Technical Services and Public Administration and Safety. The deficit in these industries reflects the lack of office based employment in the Sutherland Shire LGA, forcing these resident workers to travel to places like the Sydney CBD.
- The total jobs deficit across the Sutherland Shire LGA recorded 44,867 at the 2016 Census which represents 41% of the total resident worker number. The job deficit has declined from 51,565 jobs in 2011 but is still high.

Implication for the subject site

The proposed office development will accommodate jobs for Sutherland Shire LGA resident workers who are currently leaving the LGA for work, making a significant positive contribution to employment retention in the LGA.

2011-2016 Jobs Deficit in Sutherland Shire LGA

Chart 2.3



Source: ABS 2016 Census, Urbis

03

APPENDIX



REMPPLAN METHODOLOGY

This Economic Analysis uses **REMPPLAN** to model the potential economic benefits associated with the proposed development. REMPLAN is an Input Output model that captures inter-industry relationships within an economy. It can assess the area specific direct and flow on implications across industry sectors in terms of employment, wages and salaries, output and value added (Gross State Product).

The potential economic benefits of the proposed development have been quantified in terms of value added expenditure generation and employment generation:

- Expenditure Generation – Estimation of the direct and indirect expenditure impacts resulting from the proposed development. This estimates value added expenditure impacts to the regional and state economies during both the development and operating phases
- Employment Creation – Estimation of the direct and indirect employment impacts resulting from the proposed developments. This estimates employment impacts using standard industry jobs per sq.m benchmarks and regional employment multipliers for New South Wales.

Key points regarding the workings and terminology of the model are as follows:

- REMPLAN uses either the value of investment or employment generation as the primary input. For this analysis, the value of total upfront investment has been used as the key input to assess the benefits of the construction phase, whereas future employment at the centre is the input to assessing the ongoing economic benefits of the operational phase
- Outputs from the model include direct and indirect employment and value added (i.e. economic growth) generated through the project
- Employment generated includes all full-time and part-time jobs created over the life of the construction phase; or in terms of the on-going operations, total on-going jobs generated
- Both the direct and indirect benefits are modelled for employment and value added
- Direct refers to the effect felt within the industry where the investment is being made. For example, during the construction phase, new direct jobs are created within the construction industry
- Indirect effects are:
 - Those felt within industries that supply goods to the industries directly affected (industry effects)
 - Those felt by industries that benefit from the wages that are earned and spent by those employed within the industries directly affected (consumption-induced effects).

For the purposes of this analysis, consumption-induced effects have been excluded. Consumption-induced effects are prone to overstate the benefits of a particular investment as they overestimate the impact of wage and salary increases in the local economy. This is accepted industry practice.

